<u>Consultation on risk preparedness in the area of security of electricity supply (15 July 2015)</u>

Response of The Netherlands

1. Whilst Directive 89/2005 imposes a general obligation on Member States to ensure a high level of security of supply, the Directive does not specify what measures Member States should take to prevent risks. Would there be an added value in requiring Member States to draw up a plan identifying relevant risks and preventive measures to respond to such risks (risk preparedness plans)?

The NL does see an added value in such a requirement for national risk preparedness plans, in case such plans would include additional information, i.e. on top of the information that is provided in the existing national monitoring reports. On the basis of article 7 of Directive 2005/89 in conjunction with article 4 of Directive 72/2009 members states already have an obligation to monitor security of supply issues and to report to the Commission every two years. These reports cover in particular the balance of supply and demand on the national market, the principles of congestion management, the expected future demand, supply and cross border exchanges, additional capacity being planned, the quality and level of maintenance of the networks as well as measures to deal with shortfalls of one or more suppliers.

Additional information in a national risk preparedness plan should then particularly include the foreseen national measures to mitigate security of supply risks, the underlying considerations and possible proposals on how to address national concerns on security of supply in a regional context. The plan should also identify actions and measures to be taken in emergency situations ("emergency plans"). We can see the benefits of such an approach. Currently, we see a patchwork of national approaches, unclear responsibilities, unclear and diverging security criteria, that lead to national decisions on security of supply that may be market distortive and can have severe cross border effects. For that matter, we do believe that an obligation to member states to draw up such risk preparedness plans can be a good start in aligning security of supply approaches across Europe, and within regions.

2. If yes, what should be the minimum requirements such risk preparedness plans should comply with? For instance, should they:
a. explain the various types of risks?
b. identify the demand side measures Member States plan to take (e.g., use of interruptible contracts, voluntary load shedding, increased efficiency, energy savings)?
c. identify the supply side measures Member States plan to take (e.g., increased production flexibility, increased import flexibility)?
d. assess the expected impact of existing and future interconnections?
e. identify roles and responsibilities?
f. identify how Member States co-operate or intend to co-operate amongst each other to identify, assess and mitigate risks?
g. other elements?

In our view it is too early to evaluate the content of national risk preparedness plans; in case such a requirement is imposed upon member states, the bottom line should be that the plan provides additional information on top of what is already provided in the existing national monitoring reports. The NL welcomes an open debate on the ambitions of such plans and the possible elements to be included in them. Such a discussion could take place in the Electricity Coordination Group.

3. Do you think that it would be useful to establish a common template for risk preparedness plans?

Yes. It would certainly be helpful to have a template for such plans, possibly as part of an annex to a revised Security of Supply Directive. A template would help to streamline the reporting system to the Commission and the development of European wide standards for risk assessments and emergency plans.

4. Given that electricity markets are increasingly interlinked, should risk preparedness plans be prepared at the national, regional or EU level?

While refering to our answer to question 1 of this consulation, we would support the preparation of risk preparedness plans at the national level. In case such national plans will be streamlined across the EU, they could then be used as a basis for subsequent regional plans. After all, the harmonisation of methodologies for adequacy assessments would (hopefully) primarily take place at the regional level as well. The scope of possible regional risk preparedness plans should be linked to the level of market integration, mutual dependency and interconnectivity. In that way such plans would contribute to a better mutual understanding of security of supply.

At the same time we are uncertain about the possibility to impose a requirement on "regions" to provide a risk preparedness plan, since these are not clearly defined in the existing EU-legislation. Moreover, EU directives and/regulation naturally attribute powers, responsibilities, requirements etc to national member states instead of to regions.

5. Do you see a role for the Commission in assessing these plans? Would you see an added value of having the plans peer reviewed, at a regional or EU level? What role do you see in this context for the Electricity Coordination Group?

Yes. A role for the Commission in the evaluation of national (or regional) risk preparedness plans would be advisable. The Commission could play a role that is similar to its role in the assessment of national security plans in the context of the Gas Security of Supply Regulation. Furthermore, at this stage we do not yet have clear views on the possible role of the Electricity Coordination Group. We suggest to discuss this issue in the Electricity Coordination Group and to use that group to further reflect on the idea of future risk preparedness plans.

6. What level of transparency should be given to the plans? Who should be informed of what?

We propose to discuss this matter in the Electricity Coordination Group.

7. How often should risk preparedness plans be made / be updated? What are the relevant time frames to be covered?

We propose to discuss this matter in the Electricity Coordination Group.

8. Given the challenges that DSOs are facing (e.g. integration of renewables, more decentralised systems), should DSOs take an active participation in the assessment of the risks and preparation of the risk preparedness plans? If yes, do you see the need for separate
assessments and separate risk plans at the DSO levels? Or do you believe it is more appropriate to ensure an active participation of DSOs in risk assessments and risk preparedness plans covering the entire electricity system?

The NL is open to discuss this but our first estimation is that national TSOs should play a leading role, and that active participation of DSOs in the preparation of risk preparedness plans is not advisable.

9. Ensuring cybersecurity is an increasingly important aspect of security of supply. What measures should Member States take to protect themselves against possible cyber-attacks or
other cyber-related threats? Do you see the need for specific EU rules on cyber security, targeted to the energy field? Given the cross-border nature of cyber security risks, what scope
is there for enhancing co-operation (for instance through the exchange of best practices)?

We do not have particular views on this issue at this stage. We are interested in reactions of other parties and are open to discuss this on a future occasion.

10. Currently, it appears that in some Member States, detailed emergency plans exist, whereas in others, there are only very summary emergency plans. Should there be an obligation for all Member States to plan for crisis situations, e.g., by including relevant rules and measures in the overall risk preparedness plans?

Yes, the NL supports this idea. We refer to our reaction to question 1 of this consultation.

11. If yes, what should be the minimum requirements to be included? For instance, should Member States be required to:
a. Identify actions and measures to be taken in emergency situations (market and nonmarket-
based)?
b. Set out the conditions for suspension of market activities?
c. Identify categories of 'protected customers' which, in case of a crisis, should not be subject to a disconnection measure (or only be disconnected by way of a last resort)?
d. Establish rules for cost compensation?
e. Indicate how they intend to co-operate with other Member States?
f. Reflect any other issues in their plans?

In our opinion it is too early to judge the content of such "emergency plans". The NL welcomes an open debate on the ambitions of such plans and the elements to be included in them. As mentioned "emergency plans" or measures to deal with crisis situations could well be included as a component of risk preparedness plans. Such a debate could take place in the Electricity Coordination Group.

12. In relation to risk preparedness, how do you see the roles and responsibilities of:
- **national governments**
- **national regulators**
- **TSO's**
- **DSO's**
- **European bodies such as ENTSO-E, ACER, and the Electricity Coordination Group?**
- **European Commission**
- **other stakeholders, such as consumers?**

We propose to discuss this matter in the Electricity Coordination Group.

13. Given the fact that many actors are concerned by security of supply issues, would you see an added value in the designation by each Member State of a 'Competent Authority', responsible for coordinating security of electricity supply issues at national level?

The NL needs to reflect on this option and this issue also merits further discussion. Irrespective of the designation of a national "competent authority", it is most essential that memeber states will be able

to provide a clear picture of the adequacy situation, the possible security of supply risks, the foreseen measures to mitigate such risks. Moreover, they should be able to provide a clear picture of the different roles, responsibilities and powers of actors that are involved in national decisions on security of supply policies and emergency plans.

14. If it is decided to strengthen regional co-operation on a more structural basis between various players (e.g. when drawing up risk preparedness plans), how should regions best be defined?

In our view the regions for strengthened cooperation could best be defined on the basis of the level of market integration, mutual dependency and interconnectivity. In that way regional cooperation on security of supply has more potential to be successful.
